

STATE OF WISCONSIN  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF MANAGEMENT SERVICES  
BUREAU OF FISCAL SERVICES

ACCOUNTING PROCEDURE

TOPIC: FMS Processing 3.0	EFFECTIVE DATE: 10/19/83
TITLE: Transfers of Revenue for Grants and Services	REVISION DATE: 10/31/92
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**BACKGROUND**

There are many instances of transfers of funds within the Department and to other state agencies of grant revenue for the procurement of services. In the past, these transfers were accounted for either through the transfer of revenue or expenditures. Revenue is transferred for purposes of subgrantee's awards to avoid doubling the revenue amounts. In the case of the service transfers, it was a quick way to provide payment.

Under generally accepted accounting principles (GAAP), these methods do not provide adequate disclosure of these transactions. These transactions are properly called Operating Transfers and are classified differently under GAAP than revenue and expenditures. The purpose of the separate classification is to adequately disclose these transactions while distinguishing them from revenues and expenditures and not recording the same revenue or expenditure more than once.

**POLICY**

Effective for FY 1989 transactions, DOA has completely restructured these series. These restructured Transfer In/Out object class codes differentiate between intra-fund transfers (transfers within the same state fund) and inter-fund transfers (transfers between state funds) and will facilitate reporting transfer transactions on a GAAP basis.

**PROCEDURES**

It is anticipated that 90-95% of Department transfers will be intra-fund transfers since funds 01, 03, and 05 are all part of the General Fund. If there is a question of whether the transfer is to be classified as inter-fund or intra-fund, please contact the respective BFS Lead Accountant.

1. Intra-Fund Transfers (within the same state fund)
  - a. When a revenue transfer is made to a subgrantee, the sending agency should code the voucher as follows:

59000	Intra-fund Transfers Out:	Non-federal
59100	Intra-fund Transfers Out:	Federal

These are expenditure classifications, and allotment authority is needed on line 5.

- b. When a revenue transfer is made to a subgrantee, the receiving agency should code the transactions as follows:

409700            Intra-fund Transfers In:            Non-federal receipts

409800            Intra-fund Transfers In:            Federal revenue receipts

These will be recorded as revenue. No allotment authority is needed to process these transactions. The subgrantee spends the grant funds using normal expenditure codes. Each division has been assigned appropriations for inter-agency and intra-agency use (X67-69) which should be used by the subgrantee for this purpose.

2. Inter-fund Transfers (between different state funds)

- a. When a revenue transfer is made to a subgrantee, the sending agency should code the voucher as follows:

58000            Operating Transfers Out:            Non-Federal

58100            Operating Transfers Out: Agency Principal Payments--  
To account for agency principal payments transferred  
to Fund 15.

58150            Operating Transfers Out:            Federal

58200            Operating Transfers Out: Agency Interest Payments--To  
account for agency interest payments transferred to  
Fund 15.

These are expenditure classifications, and allotment authority is needed on line 5.

- b. When a revenue transfer is made to a subgrantee, the receiving agency should code the transaction as follows:

409000            Operating Transfers In: Non-federal receipts

409150            Operating Transfers In: Federal revenue receipts

These will be recorded as revenue. No allotment authority is needed to process these transactions. The subgrantee spends the grant funds using normal expenditure codes. Each division has been assigned appropriations for inter-agency and intra-agency use (X67-69) which should be used by the subgrantee for this purpose.

3. Account Code 54960 (Aids to Organizations and Individuals-Transfer) will continue to be used by Division of Vocational Rehabilitation (DVR), et. al., to transfer aids to organizations and individuals between organizational units and appropriations.
4. Account Code 405990 will be used for the transfer of federal funds GPR-Earned to the General Fund other than those designated for transfer to Appropriation 962.
5. There are a few situations which are not appropriately covered by the above procedures. For example, payments to the UW-Hospitals for correctional health services should be recorded as expenditures, even though the UW-Hospitals operate with a PRO appropriation.

Please contact your Lead Accountant if you believe particular circumstances should be accounted for differently than outlined in these procedures.

**CONTACT PERSON**

Your Lead Accountant in the Bureau of Fiscal Services